



# U GRO Capital Limited

## Public Issue of Secured Redeemable Non Convertible Debentures (NCD)

**Issue Opens : Thursday, April 7, 2022**

**Issue Closes : Friday, May 6, 2022**

April 2022

## Disclaimer(1/2)

U GRO Capital Limited (“Company”/ “Issuer”), subject to market conditions and other considerations, is proposing a public issue of Rated, Secured, Senior, Listed, Transferable, Redeemable Non-Convertible Debentures and has filed the Prospectus dated March 30, 2022 with the Registrar of Companies, Mumbai, Maharashtra, NSE, BSE and SEBI. The Prospectus dated March 30, 2022 is also available on the website of the Company at [www.ugrocapital.com](http://www.ugrocapital.com), on the website of NSE at [www.nseindia.com](http://www.nseindia.com), on the website of BSE at [www.bseindia.com](http://www.bseindia.com), on the website of the Lead Managers at [www.sundaecapital.com](http://www.sundaecapital.com), [www.tipsons.com](http://www.tipsons.com) and [www.trustgroup.in](http://www.trustgroup.in) and on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in).

Investors proposing to participate in the Issue should invest only on the basis of information contained in the Prospectus dated March 30, 2022. Investors should note that investment in NCDs involves a high degree of risk and for details relating to the same, please refer to the Prospectus dated March 30, 2022, including “Risk Factors” beginning on page 13 and “Material Developments” on page 146 of the Prospectus before making an investment in the Issue. The Issuer and the Lead Managers accept no responsibility for statements made otherwise than in the offer documents or in the advertisement or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

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Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Unless stated otherwise, all financial data in this presentation for (i) the nine months period ended December 31, 2021 has been derived from the Unaudited Limited Reviewed Financial Statements included in the Prospectus, and (ii) the financial years ended on March 31, 2021, March 31, 2020 and March 31, 2019 has been derived from the Reformatted Financial Information included in the Prospectus.

# About Us

- U GRO Capital is a **NBFC-ND-SI** company registered with the RBI. The equity shares of the Company are listed on **NSE** and **BSE**. Our mission is to provide financing to the underserved MSME sector.
- Our Company was originally incorporated in 1993, by the name 'Chokhani Securities Private Limited'. On December 31, 2017, Poshika Advisory Services LLP & Mr. Shachindra Nath made a public announcement to acquire control of the management of the Company. The name of our Company was further changed to U GRO Capital Limited, and a fresh certificate of incorporation was issued dated September 26, 2018.
- U GRO Capital has a sectoral based lending approach by shortlisting 8 core sectors of MSMEs and further added 'Micro Enterprises' as the 9th sector post careful filtration of 180+ sectors.
- Our company's business is primarily driven by analytics , data-centric approach enabling customized offerings, faster disbursals thereby reducing operating cost and containing risk.
- UGRO's business model blends the traditional branch-based approach with the modern FinTech based Lending by bringing in sector, geographical and product specialization and combining that with new age technology platform.

## Key Shareholders

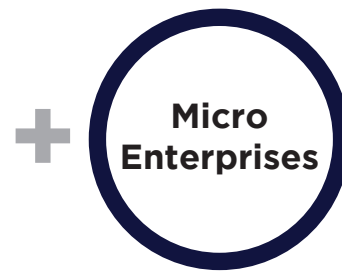
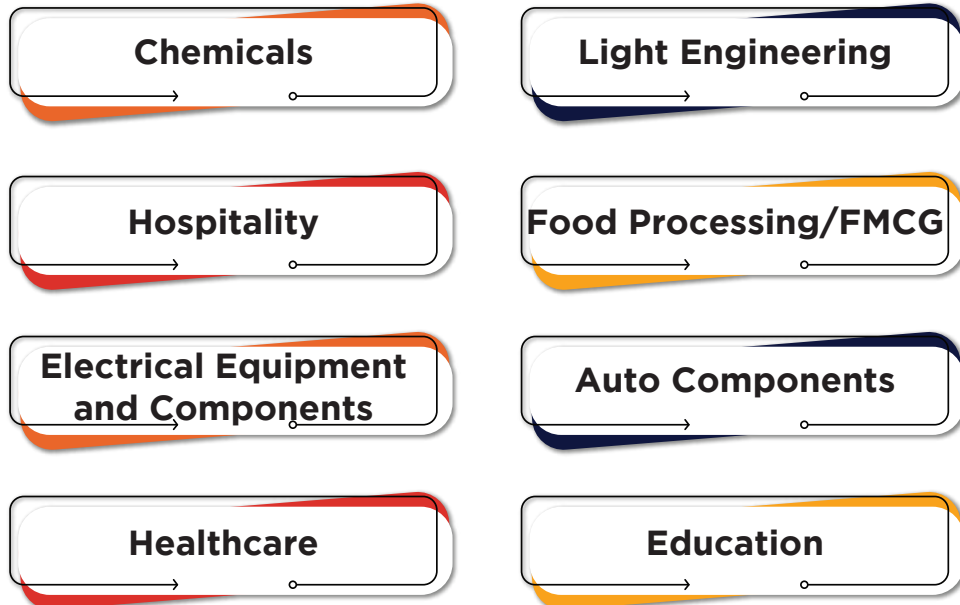
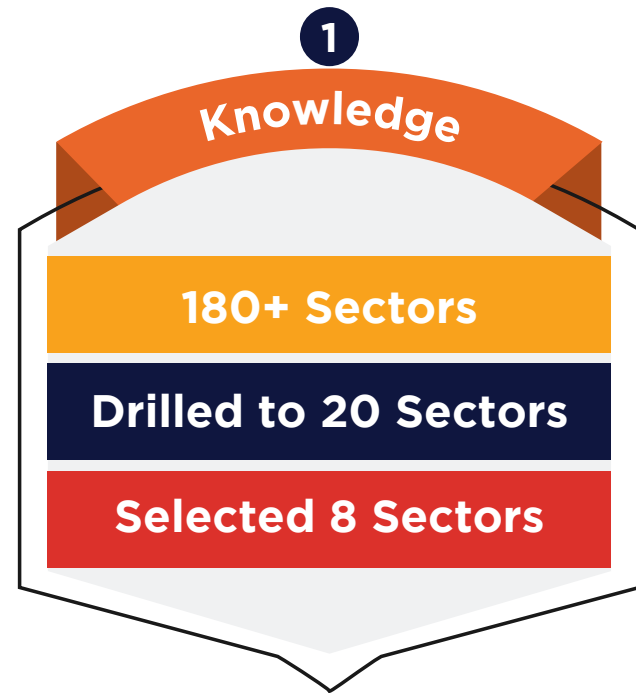


## Snapshot of numbers



# Five Pillars of UGRO Capital (1/2)

1



2



- Each Distribution channel is powered by a proprietary technology module. Significant investment in technology enables faster application-based disbursements thereby reducing opex and containing risk.
- Underpins every aspect of the lending process viz API Integrations, Sectoral and Sub Sectoral Scorecards, Automated Policy Approvals, Machine Learning and OCE technology
- Tech platform enables amalgamation of multiple business models to bring in sector, geographical and product specialisation by combining with new age technological platforms.
- Developed GRO Xstream an Industry first marketplace for BSFI partners, achieved seamless API integration with system of each partner allowing the Company to achieve record TATs

# Five Pillars of UGRO Capital (2/2)

3

## Experienced Leadership Team

Great organizations are built on foundations of long-term vision

Industry leaders have proven track record of delivering results and possess right acumen.

Setting the right team in place has helped the company tide through the crisis effectively

4

## Strong Corporate Governance

Creating an institution that is built to last requires strong corporate governance standards

Institutionally owned, Board controlled and management run Company

Board consists of majorly independent directors.

Further strengthened by strong policies and process in AoA.

5












## Large Institutional Capital

Raised 920 Cr from diverse group of Investors, ~ 89% ownership is held by institutional investors




Particulars	Dec-21
Newquest Asia Investments III Limited	21.43%
Clearsky Investment Holdings Pte Limited	21.43%
Dbz (Cyprus) Limited	12.56%
Samena Fidem Holdings	8.45%
Samena Special Situations Mauritius	4.71%
Poshika Advisory Services LLP	2.88%
Pnb Metlife India Insurance Company Limited	2.03%
Purshottam Investofin Ltd	1.99%
Chhattisgarh Investments Limited	1.84%
Neighbourhood Investment Private Limited	0.98%
<b>Total</b>	<b>78.30%</b>

# Board of directors and Management Team

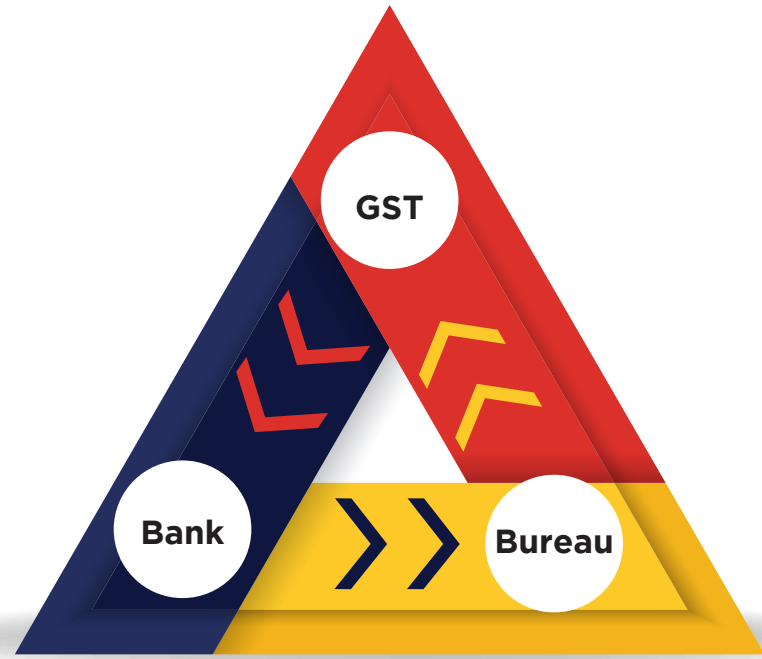
## Board of Directors

 <p><b>Sachindra Nath - Exec Chairman &amp; MD</b> Ex-Religare</p>	 <p><b>Hemant Bhargava - Independent Director</b> Ex-Chairman in charge and MD of LIC</p>
 <p><b>Abhijit Sen - Chairman, Audit Committee</b> Ex-CFO, Citi-India</p>	 <p><b>Karnam Sekar - Independent Director</b> Ex - MD &amp; CEO of Indian Overseas Bank</p>
 <p><b>Satyananda Mishra - Chairman, CSR Committee</b> Ex-Chairman, MCX, Ex-CIC, GoI, Ex-Director - SIDBI</p>	 <p><b>Smita Aggarwal - Independent Director</b> ICICI Bank, Fullerton India</p>
 <p><b>S. Karuppasamy - Chairman, Compliance Committee</b> Ex-Executive Director, RBI</p>	 <p><b>Amit Gupta (New Quest Nominee)</b> Founding Partner of NewQuest</p>
 <p><b>Rajeev K. Agarwal - Chairman, Stakeholder Committee</b> Ex-Whole Time Member, SEBI</p>	 <p><b>Manoj Sehrawat (ADV Nominee)</b> Partner at ADV</p>
	 <p><b>Chetan Gupta (Samena Nominee)</b> Managing Director at Samena Capital</p>

## Management Team

 <p><b>Amit Mande - Chief Revenue Officer</b> IDFC FIRST BANK, Barclays, ABN AMRO, Rattan India, Standard Chartered, mswipe</p>	 <p><b>Pia Shome - Chief People Officer</b> SME Corner, DBS, IDFC First Bank</p>
 <p><b>Anuj Pandey - Chief Risk Officer</b> Barclays, Religare, ABN-AMRO</p>	 <p><b>J Sathiyayan - Chief Business Officer</b> Religare, ABN-AMRO, Barclays</p>
 <p><b>Amit Gupta - Chief Financial Officer</b> Shapoorji Pallonji, JLL, Standard Chartered, Axis Bank, HSBC</p>	 <p><b>Nirav Shah - Chief Strategy Officer &amp; Head of IR</b> Centrun, Equirus, HDFC Bank</p>
 <p><b>Sunil Lotke - Chief - Legal &amp; Compliance Officer</b> IIFL Finance, InCred</p>	

# GRO Score 2.0 triangulates data from GST, Banking & Bureau



60 minute in-principle decisioning process to the customer based on complex cash flow modelling

1. Statistical predictive modelling used to prognosticate the customer's credit behavior derived from various financial and non-financial sources to fully quantify the parameters of the ecosystem the customer operates in
2. GRO Score 2.0 has demonstrated a superior performance basis the testing conducted on past data
3. This rule engine is going to favorably position us in building a quality loan book
4. Gro Score 1.0 was repayment behavior-based scorecard customized for UGRO's sectors and the same has now evolved to Gro Score 2.0 which is repayment and Banking behavior-based scorecard giving us a much deeper insight on the MSME
5. Zero data loss architecture to enable deeper adoption of analytics



# Distribution Infrastructure

## Branch Led

**Prime and Micro Branches across Tier I to Tier VI locations, serving a broad demographic of MSMEs**

- 82 branches (Prime + Micro Branches)
- Intermediary driven prime business model
- FOS sourcing driven Micro loans sourcing
- Customer with prime and imperfect collaterals

## Partnerships and Alliances

**Partnerships with Fintechs and NBFCs for a range of secured and unsecured loans**

- Over 16 Fintech / NBFC partners
- FLDG cover of 5% - 15%
- Low cost operating Channel



## Ecosystem Channel

**SCF (Anchor & Non Anchor led Ecosystem) and Machinery loan through the OEM / Dealer ecosystem**

- Added 19 new lenders taking the overall count to 34
- One of the First NBFCs to go live on Government e-marketplace - Sahay (GeM Sahay) portal

## Direct Digital Channel

**Proprietary digital lending platform supplemented by pre qualified loans**

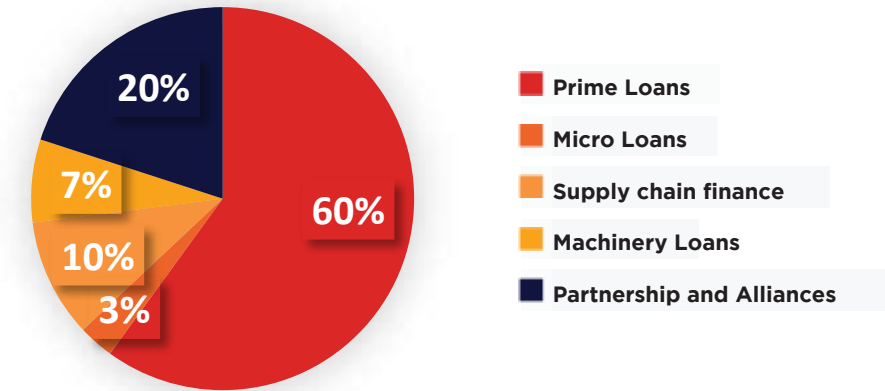
- Applying full suite tech innovations to widen credit reach
- Direct application platform to reduce TAT further
- Beta testing carried out in Q3FY20

# Portfolio AUM split, Sectoral Mix & Restructuring Highlight

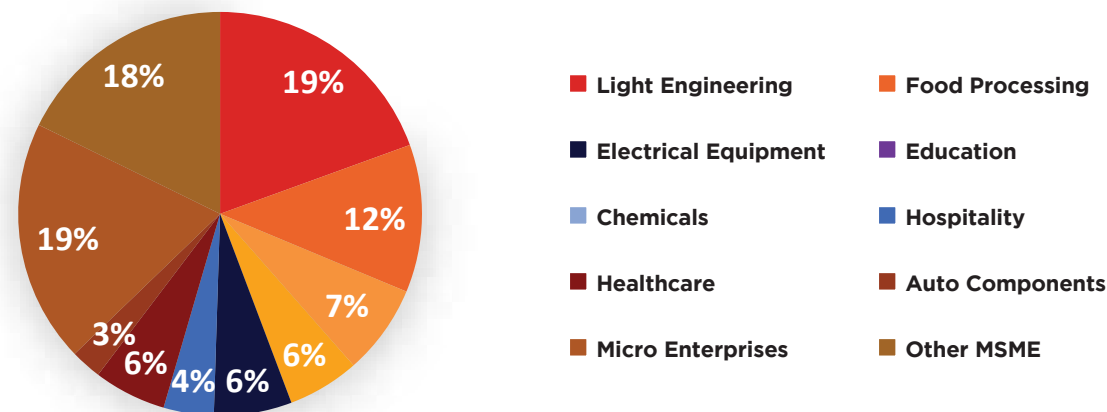
## AUM Product wise split

Channel	Product category (Dec-21)	AUM (Cr)	% Share	ROI (%)	Ticket Size (Lakhs)
Branch Led	Prime - Secured Loan	976.0	37.7%	12.4%	84.1
	Prime - Unsecured Loan	573.9	22.2%	19.0%	18.3
	Micro - Secured Loan	59.3	2.3%	20.8%	7.4
	Micro - Unsecured Loan	14.6	0.6%	25.2%	3.1
Eco - System	Supply Chain Financing	259.4	10.0%	13.3%	45.7
	Machinery Loans	182.6	7.1%	13.2%	44.6
Partnership and Alliances	Co-lending, Onward lending, Direct Assignment	523.1	20.2%	20.9%	6.4
<b>Total</b>		<b>2,588.9</b>	<b>100.0%</b>	<b>16.0%</b>	<b>18.7</b>

## Channel Mix



## Sectoral Mix



## Restructuring During Covid-19

- To cope with Covid-19, we helped few selected customers with restructuring as per RBI's policy.
- As on Dec-21, our restructured portfolio stands at 136.4 cr representing 5.3% of our book.
- 85% of our restructured portfolio is current.
- Education, Hospitality (Covid 1.0) & Light Engineering (Covid 2.0) were the most affected part of our portfolio.
- No additional restructuring was made during Q3FY2022.

Channel	Restructured	Restructured as a % of AUM
Branch - Led	122.6	7.55%
Eco-ststem Channel	6.3	1.43%
Partnerships & Alliances	7.4	1.41%
<b>Total</b>	<b>136.4</b>	<b>5.3%</b>

# Tri Pronged Liability Approach

## 50+ Lenders

- Aditya Birla Finance
- MAS Financials
- ESAF Small Finance Bank
- Northern Arc
- ARKA Fincap
- AU Small Finance Bank
- Capri Global Capital Limited
- Sundaram Finance
- CLIX Capital
- Credit Saison
- InCred
- Vivriti Capital
- UC Inclusive Credit
- State Bank of Mauritius
- Utkarsh Small Finance Bank
- Caspian
- Small Industries Development Bank of India
- Financer for Healthier Life

## 1,729 Cr Total Borrowings



Source of funds	Amount(cr)
Loan from Banks / FI's	938.02
Bank Overdraft	155.95
NCD's	469.17
Commercial Papers	165.43
<b>Total</b>	<b>1728.57</b>

### Co-origination partnerships with larger banks

- Bank of Baroda
- State Bank of India
- IDBI Bank
- Central Bank of India
- Indian Overseas Bank

## 1.84x Debt to Equity Ratio

- State Bank of India
- Canara Bank
- Punjab National Bank
- Indian Bank
- Bank of India
- Bank of Baroda
- HDFC Bank
- ICICI Bank
- YES Bank
- Dhanlaxmi Bank
- RBL Bank
- Karnataka Bank
- Federal Bank
- Axis Bank
- South Indian Bank
- Barclays

# Financial Snapshot

Particulars (INR Cr)	Dec 21	FY 21	FY 20	FY 19
Interest Income	183.36	148.13	78.89	28.23
Revenue from Operation	195.19	149.81	96.69	38.94
Total Revenue	199.19	153.34	105.14	43.94
Interest Expense	87.70	44.56	13.67	1.05
Total Expense	187.04	141.21	101.83	42.39
NIM	95.66	103.57	65.22	27.18
PBT	12.15	12.13	3.32	1.55
PAT	8.47	28.73	19.52	3.95
Net Worth	959.08	920.87	895.70	821.44
Cash and cash equivalent	-	123.66	8.75	320.87
AUM	2,588.90	1,317.00	861.00	80.00
Off Balance sheet asset	ND	14.29	7.81	17.90
Debt to Equity Ratio	1.84x	0.82x	0.28x	-
GNPA	2.38%*	2.72%	0.96%	0.00%
NNPA	1.98%	1.75%	0.54%	0.00%
CRAR(%)	36.15%	65.60%	88.25%	-
Tier I	-	65.15%	88.07%	213.40%
Tier II	-	0.40%	0.18%	0.15%

\* Considering impact of change in IRAC asset classification; excluding its effect GNPA stood at 1.9%.

**Customized, innovative  
and Customer  
friendly lending**

**Diversify our loan book mix  
and product suite with an  
exclusive focus on  
MSME lending**

**Our  
growth  
strategies**

**Continue to  
maintain prudent  
risk management  
policies for our assets  
under management**

**Leverage on  
technology and  
digital platforms to  
improve customer reach  
and operating efficiency**

# Key Feature of Issue

Sections	Particulars
<b>Instruments</b>	Secured Redeemable Non Convertible Debentures (NCD)
<b>Issue Size</b>	₹ 5,000 lakhs with an option to retain over-subscription up to ₹ 5,000 lakhs, aggregating to a total of ₹ 10,000 lakhs.
<b>Coupon (% p.a.)</b>	Series I : 10% (Quarterly) ; Series II : 10.15% (Monthly) ; Series III : 10.40% (Monthly)
<b>Tenor and Frequency of Interest Payment</b>	NCDs with tenor options of 18 months (Series I) , 27 Months (Series II) and 36 months (Series III) Coupon Payment options are Monthly and Quarterly
<b>Credit Rating</b>	"ACUITE A+" (read as ACUITE A Plus) (Outlook: Stable) by Acuite Ratings & Research Limited.
<b>Listing</b>	To be Listed on NSE & BSE As per SEBI NCS Regulations NCDs will be listed within 6 (six) working days from the Issue Closure Date.
<b>Use of Proceeds</b>	Atleast 75% For the purpose of onward lending and financing business of the Company in the ordinary course of business (including for repayment / refinance of existing debts of the Company) Not more than 25% for General corporate purposes
<b>Issue Period</b>	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days during which prospective Applicants may submit their Application Forms

# Eligible Investors (1/2)

## Sections

## Particulars

### **Category I Institutional Investors**

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institution which are authorized to invest in the NCDs
- Provident funds, pension funds with a minimum corpus of ₹2500 lakhs, superannuation funds and gratuity funds, which are authorized to invest in the NCDs
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
- Mutual Funds registered with SEBI
- Resident Venture Capital Funds registered with SEBI;
- Insurance Companies registered with IRDA
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company, a nonbanking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹50,000 lakhs on as per the last audited financial statements;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

# Eligible Investors (2/2)

## Sections

## Particulars

### Category II Non- Institutional Investors

- Companies within the meaning of section 2(20) of the Companies Act, 2013;
- Statutory Bodies/ Corporations and Societies registered under the applicable laws in India and authorized to invest in the NCDs;
- Co-operative banks and regional rural banks
- Public/private charitable/ religious trusts which are authorized to invest in the NCDs;
- Scientific and/or industrial research organizations, which are authorized to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

### Category III High Networth Individual, ("HNIs"), Investors

Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹10 lakhs across all series of NCDs in Issue

### Category IV Retail Individual Investors

Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10 lakhs across all series of NCDs in Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.



## Specific Terms of each Series

Series	I	II	III
Frequency of Interest Payment	Quarterly	Monthly	Monthly
Minimum Application	₹ 10,000 (10 NCDs) across all Series		
Face Value/ Issue Price of NCDs (₹/ NCD)	₹ 1,000 (1 NCD)		
Tenor	18 Months	27 Months	36 Months
Coupon (% per annum) for NCD Holders in Category I, II, III & IV	10.00%	10.15%	10.40%
Effective Yield (% per annum) for NCD Holders in Category I, II, III & IV	10.37%	10.62%	10.90%
Mode of Interest Payment	Through various modes available		
Amount (₹ / NCD) on Maturity for NCD Holders in Category I, II, III & IV	₹ 1,000	₹ 1,000	₹ 1,000
Maturity / Redemption Date ( Months from the Deemed Date of Allotment)	Date occurring on expiry of 18 (Eighteen) months from the Deemed Date of Allotment	Date occurring on expiry of 27 (TwentySeven) months from the Deemed Date of Allotment	Date occurring on expiry of 36 (Thirty Six) months from the Deemed Date of Allotment
Put and Call Option	NA	NA	NA

\* Our Company shall allocate and allot Series III NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.

# Details of Security Cover

## Sections

## Particulars

### Security

The Debentures shall be secured by way of:

(i) a first ranking exclusive and continuing charge to be created pursuant to an unattested deed of hypothecation, dated on or about the Effective Date, executed or to be executed and delivered by the Issuer in a form acceptable to the Debenture Trustee ("Deed of Hypothecation") over the receivables (both present and future) arising out of identified book debts/loan receivables of the Issuer and all rights under the relevant loan documents in respect of the aforementioned identified book debts/loan receivables, and as set out in the Deed of Hypothecation ("Hypothecated Assets")

(ii) such other security interest/contractual comfort as may be agreed between the Issuer and the Debenture Holders

(i) and (ii) above are collectively referred to as the "Transaction Security").

### Security Cover

(i) "Security Cover" means from the Effective Date until the Final Settlement Date, on any date of determination, the ratio of the principal amounts outstanding in respect of the Hypothecated, and the Outstanding Amounts, multiplied by 100, and followed by the "%" symbol, being 120% (one hundred and twenty percent). (\*Minimum portion of secured receivables to be 0.4x, while the rest of the security cover can be from unsecured receivables)

(ii) The value of the Hypothecated Assets for the purposes of this paragraph (b) (for both initial and subsequent valuations) shall be the amounts reflected as the value thereof in the books of accounts of the Issuer.

(iii) The Issuer shall create the charge by way of hypothecation over the Hypothecated Assets on or prior to the Deemed Date of Allotment, and perfect such security by filing Form CHG-9 with the ROC and ensuring and procuring that the Debenture Trustee files the prescribed Form I with CERSAI reporting the charge created to the CERSAI, in respect thereof, each within 30 (thirty) calendar days from the date of execution of the Deed of Hypothecation.

# Investor Category / Allocation Ratio

Type of investor	Category	Allocation Ratio	Priority in case of Undersubscription in any Investor Category(ies)
Institutional Investors	Category I Investors	20%	3rd
Non-Institutional Investors	Category II Investors	20%	4th
High Net-worth Individual Investors [“HNIs”]	Category III Investors	30%	1st Resident Indian Individuals 2nd Hindu Undivided Families through the Karta
Retail Individual Investors	Category IV Investors	30%	

# Intermediaries to the Issue

Type	Particulars		
Lead Managers	 Sundae Capital Advisors Private Limited	 <b>Tip Sons</b> Creating Value Since 1993 Tipsons Consultancy Services Private Limited	 <b>TRUST</b> In Partnership. With Trust. Trust Investment Advisors Private Limited
Registrar	 LINK Intime		
Debenture Trustee	 Solutions for Sustainable Tomorrow MITCON Credentia Trusteeship Services Limited		



**U GRO CAPITAL LIMITED**

**THANK YOU**